Unit 1 What is Money?

1.1 Money Defined

8/26/14

What is money? paper + coins we use to buy things

we need + want

work hard for it - spends easily

Avarice is the root of all evil.

1.1 Money Defined

8/26/14

Key Terms:

bartering

commodity money

currency

digital money

fiat money

medium of exchange

money

storehouse of value

unit of account

1.1 Money Defined

8/26/14

IWBAT explain what money is and describe the different forms it can take. I will capture my thinking using the math note catcher including teacher and student-team modeled example problems on the Promethean board. I will demonstrate my understanding on my exit ticket.

1.1 Money Defined

8/26/14

Economy - the goods and services of a society

Money - anything that can be traded for goods or services

Bartering - trading goods or services for other goods or services

IWBAT explain what money is and describe the different forms it can take.

1.1 Money Defined

8/26/14

uses of money

- Medium of exchange - exchange something for goods or services
- Storehouse of value - how much something is worth to somebody
- Unit of account - counting how much held on to

IWBAT explain what money is and describe the different forms it can take.

1.1 Money Defined

8/26/14

Commodity money - money backed by actual physical things

Fiat money - money whose value is based on the faith people have in the money itself

IWBAT explain what money is and describe the different forms it can take.

1.1 Money Defined

8/26/14

Digital money - only exists in a computer

Currency - paper, coins – physical money

IWBAT explain what money is and describe the different forms it can take.

1.1 Money Defined

8/26/14

Vocabulary: Appendix A.3 Key Terms
Practice: 1.1.2 #2-9

IWBAT explain what money is and describe the different forms it can take.

1.3 Inflation & Recession

8/27/14

What are the three uses of money and how do they differ?

Medium of exchange - changes from one person to another

Storehouse of value - how much it is worth to somebody

Unit of account - counting how much someone has

1.3 Inflation & Recession

8/27/14

Let's review yesterday's Practice Problems.

1.3 Inflation & Recession

8/27/14

IWBAT discuss inflation, deflation, and recession. I will capture my thinking using the math note catcher including teacher and student-team modeled example problems on the Promethean board. I will demonstrate my understanding on my exit ticket.

1.3 Inflation & Recession

8/27/14

Purchasing power - power to buy things

Inflation - prices ↑ purchasing power ↓ available money ↑

Deflation - prices ↓ purchasing power ↑ available money ↓

IWBAT discuss inflation, deflation, and recession.

1.3 Inflation & Recession

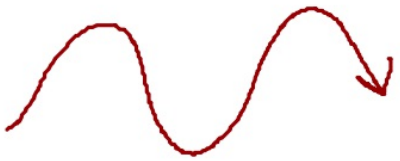
8/27/14

Federal Reserve Bank -

Set interest rates for bank to bank lending
Control how much money is in the economy

Consumer Price Index (CPI) - track prices of goods

Fluctuation -



IWBAT discuss inflation, deflation, and recession.

1.3 Inflation & Recession

8/27/14

Recession - economy slows down, deflation lasts a few months

Depression - Can last for years

IWBAT discuss inflation, deflation, and recession.

Recent US Recessions:

- July 1981 – November 1982: 14 months
- July 1990 – March 1991: 8 months
- March 2001 – November 2001: 8 months
- December 2007 – June 2009: 19 months

IWBAT discuss inflation, deflation, and recession.

Vocabulary: Appendix A.3 Key Terms
Practice: 1.3.2

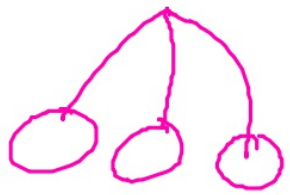
IWBAT discuss inflation, deflation, and recession.

1.4 National and Global Debt 8/28/14

In your own words, explain who would benefit from inflation and who would benefit from deflation.

Inflation - businesses, employees, government
investors

Deflation - consumers, businesses
savers



1.4 National and Global Debt

8/28/14

Scientific Notation

Sixteen point one trillion dollars

$16\,100\,000\,000\,000$

1.61×10^{13}

$294,443 million

$294443\,000\,000$

2.94×10^{11}

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

1.4 National and Global Debt 8/28/14

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers. I will capture my thinking using the math note catcher including teacher and student-team modeled example problems on the Promethean board. I will demonstrate my understanding on my exit ticket.

1.4 National and Global Debt

8/28/14

Debt vs. Deficit

Debt - what you owe

Deficit - spending more than your income

Public Debt & Intragovernmental Debt

Public Debt - owed to the public

Intragovernmental debt includes items like Medicaid, Social Security, and monies borrowed from one department to pay another department.

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

1.4 National and Global Debt

8/28/14

Liabilities and Assets

Assets – own house, car, business

Liabilities – owe mortgage

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

1.4 National and Global Debt

8/28/14

Gross Domestic Product (GDP)

Everything made in the nation/country

Category	Description
Consumer Purchase	All goods and services purchased, such as gasoline
Investment	Business and residential investments, such as machinery or houses
Government Spending	All spending on education, defense, employee salaries, etc.
Net Exports	Exports sold abroad minus imports purchased domestically

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

Debt to GDP ratio

$$\frac{\text{debt}}{\text{GDP}} \qquad \frac{16.1 \text{ tr}}{25 \text{ tr}} \approx 64\%$$

This is done to make comparisons between countries' spending easier by putting small economies on the same scale as large economies.

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

Global Debt

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

Vocabulary: Appendix A.3 Key Terms
Practice: 1.4.2

IWBAT discuss debt, deficit, GDP, debt ratio, and use scientific notation to represent large numbers.

Three trillion two-hundred billion 3.2×10^{12} $3,200,000,000,000$ (b m t h)

Five billion Three-hundred million 5.3×10^{9} $5,300,000,000$

Eight million nine-hundred thousand 8.9×10^{6} $8,900,000$

billion 1×10^{9}

trillion 1×10^{12}

thousand 1×10^{3}

million 1×10^{6}

hundred 1×10^{2}

ten 1×10^{1}

9.9×10^{1}

9.9×10

99

GDP debt

$\frac{\text{debt}}{\text{GDP}}$ $\frac{32,520,000,000}{15,300,650,000} = 212\%$

$\frac{3.252 \times 10^{10}}{1.53 \times 10^{10}}$

$\frac{x}{80,000,000,000} = 80\%$

debt $640,000,000,000$

6.4×10^{11}

$$\frac{\text{2012 debt}}{\text{GDP}} > \frac{\text{2013 debt}}{\text{GDP}}$$

$$\frac{12}{20} > \frac{12}{25}$$

2012 GDP < 2013 GDP

$$\frac{12}{20} > \frac{10}{25}$$

$$\frac{\text{old}}{\frac{10}{A=20}} = \frac{\text{new}}{\frac{15}{B=30}} = .5$$

$$\frac{12}{20} > \frac{13}{25}$$

Unit 1 Quiz

8/29/14

Answer the following with complete sentences.

1) What are the three uses of money?

2) How do the three uses of money differ from eachother?

3) How does commodity money differ from fiat money?

4) Please give three examples of currency.

5) How does the economy change with inflation?

6) How does the economy change with deflation?

7) How does a recession differ from a depression? Which did we most recently experience?

8) Express twenty-eight point seven million in scientific notation.

9) Is a liability always bad? Explain.